

A copy of this prospectus has been fyled with the Secretary of State of Canada in accordance with the provisions of The Companies Act 1934 and Amendments.

The Shares referred to herein are being offered in Canada, but not in the United States of America. This prospectus is not, and under no circumstances is to be construed as an offering of any of this issue for sale in the United States of America or the territories or possessions thereof or an offering to any resident thereof or a solicitation therein of an offer to buy any of this issue.

New Issue

\$1,000,000

Henry Morgan and Company Limited

(Incorporated under the Laws of Canada)

5% Cumulative Redeemable Sinking Fund Preferred Shares

Par Value \$100 Per Share

These 5% Cumulative Redeemable Sinking Fund Preferred Shares (herein called the "5% Preferred Shares") will rank *pari passu* with the now outstanding issue of \$1,455,000 of 4¾% Cumulative Redeemable Sinking Fund Preferred Shares of \$100 par value and will be equally preferred as to capital and dividends. The shares will be entitled from date of issue to fixed cumulative preferential dividends at the rate of 5% per annum, payable quarterly on the first days of March, June, September and December by cheque at par at any branch of the Company's bankers in Canada (far northern branches excepted); preferred as to assets, to the extent of par value and accrued dividends (together with the 4¾% Cumulative Redeemable Sinking Fund Preferred Shares) in the event of liquidation; redeemable as a whole or in part on 30 days' notice at par plus a premium of 4% with accrued dividends to the date of redemption. The Company has the right to purchase stock in the open market for redemption at any price not exceeding the said redemption price. These shares are non-voting unless six quarterly dividends not necessarily consecutive or any sinking fund payments are in arrears. The first dividend will be payable September 1, 1951 accruing from June 1, 1951.

The sinking fund is provided relative to these 5% Preferred Shares whereby the Company shall set aside each year, beginning August 1, 1952, a sum equal to 3% of the aggregate par value of the greatest number of 5% Preferred Shares issued more than 12 months previous. Such sinking fund is to be applied to the purchase in the open market of 5% Preferred Shares offered at any prices not exceeding the redemption price. The Company shall accumulate any unexpended portion of the sinking fund until the amount exceeds \$100,000 at which time the Company shall forthwith call for redemption by lot as many 5% Preferred Shares as necessary to exhaust such amount.

Further particular covenants and conditions relative to the 5% Preferred Shares are contained in subparagraph 7 of the 5% Preferred Stock provisions which are set out in Section (f) of the sub-joined statutory information and are summarized generally in the following letter from the General Manager of the Company.

Transfer Agent: The Royal Trust Company, Montreal.

Registrar: Morgan Trust Company, Montreal.

In the opinion of Counsel, these Preferred Shares will be a legal investment for funds of Insurance Companies registered under The Canadian and British Insurance Companies Act, 1932, as amended.

CAPITALIZATION

(Upon completion of this financing)

	Authorized	Issued and Outstanding
Funded Debt.....	Nil	Nil
4¾% Cumulative Redeemable Sinking Fund Preferred Shares.....	\$1,500,000	\$1,455,000
5% Cumulative Redeemable Sinking Fund Preferred Shares.....	\$1,000,000	\$1,000,000
Common shares, no par value.....	430,000 shs.	312,057 shs.

This Company has covenanted to guarantee unconditionally payment of the principal and interest of the First Mortgage Sinking Fund Bonds of Henry Morgan Properties Limited to a total authorized principal amount of \$5,000,000 of which \$3,500,000 Series "A" 3¼% Bonds due January 2, 1967 have been issued, of which \$3,080,000 were outstanding as at December 31, 1950.

We as principals offer these shares, if as and when issued and received by us and subject to the approval of all legal matters by Messrs. Wainwright, Elder, Laidley, Leslie, Chipman & Bourgeois for ourselves and for the Company.

Price: \$98 per share

Dividends on these Shares will accrue from June 1, 1951

Subject to the fyling of documents and evidence of satisfactory distribution, the Montreal Stock Exchange has approved the listing of these shares when, as and if issued.

The right is reserved to reject any or all applications and also in any case to allot a smaller number of shares than may be applied for.

It is expected that interim share certificates, exchangeable for definitive certificates when available, will be ready for delivery on or about June 1, 1951.

The following letter has been received from J. Bartlett Morgan, General Manager, Henry Morgan and Company Limited.

Greenshields & Co Inc
Burns Bros. & Denton Limited
Dominick Corporation of Canada
Collier, Norris & Quinlan Limited

Dear Sirs:

I have pleasure in submitting the following information with regard to Henry Morgan and Company Limited.

THE COMPANY

The business now conducted as Henry Morgan and Company Limited was founded in 1845 as a dry goods store on Notre Dame Street, Montreal. Under the management and leadership of four generations of the Morgan family, the Company has developed for over a century in keeping with the growth of the City of Montreal. As the first Canadian company to adopt the now familiar plan of departmental store operation and the first to use a mechanized delivery system, the policy of the management has been to modernize its operation progressively and to maintain a reputation for quality and style leadership in its merchandise.

The present location of the main store is on St. Catherine Street opposite Phillips Square, a location which has been occupied since 1891. Prior to that time properties were occupied in the downtown financial district of Montreal, Henry Morgan and Company Limited having been the first retailer to move uptown. In 1949 the Company adopted a new policy of opening branch stores in other cities or suburban stores in other districts of Montreal wherever favourable opportunities appeared for sound and profitable expansion. In the Fall of 1950 two branches were opened, one a high quality women's fashion store at 56 Bloor St. West in Toronto, and the other a suburban children's, infant's and women's wear shop at 5343 Queen Mary Road in the Snowdon district of Montreal.

In April of this year the Company acquired all the outstanding common stock of the R. J. Devlin Company Limited, a retail store specializing in furs and quality apparel for men and women. Under the ownership and direction of the founder, R. J. Devlin and later his son, W. F. C. Devlin, this firm has been in business in Ottawa for 82 years, has a record of consistently profitable operation, and is generally accepted as the leading quality clothing shop of Ottawa. The purpose of this acquisition is to give Morgan's a direct entree to the Ottawa market with its stable income level and potentialities for sound growth in an expanding community.

Employer-employee relationships have always had the careful attention of the management and stress has been placed on the training of employees to enable them to give better than average service to customers. Generous sickness and accident coverage as well as pension fund arrangements for its employees are in operation. In 1948 the Company adopted a 5-6 day week being the first of the larger retailers to do so. Under this plan the store remains open a full six days each week while individual employees work a five day week only. Since November 1949 the store has also remained open for business on Friday evenings except during July and August. This was accomplished by staggering the working hours, so that the length of the work week was not changed. The Company voluntarily adopted a cost of living bonus plan in October 1950.

In 1946 Henry Morgan Properties, Limited, a wholly-owned subsidiary of Morgan Realities Limited which in turn is owned by the Morgan family was incorporated by Letters Patent under the Quebec Companies Act for the purpose of acquiring the properties then used by the Company in its departmental store operations as well as certain properties leased by affiliated enterprises. Such properties comprise land and buildings, including store fixtures, covering two blocks, the larger one containing the store buildings, Morgan Trust building and several offices and dwellings, bounded by St. Catherine Street, Ontario Street, Union Avenue and Aylmer Street, the smaller containing parking grounds, power house, garage, laundry, etc., bounded by Mayor Street, Ontario Street, Alymer Street and City Councillor Street. A connecting passage runs under Aylmer Street and the right is held, in perpetuity, to construct an overhead passage. The buildings occupied by the Toronto, Snowdon and Ottawa stores are rented under long-term leases.

In 1946 a substantial mortgage on the properties noted above and payable in U.S. funds plus certain floating obligations were funded through the issuance of \$3,500,000 Henry Morgan Properties, Limited 3¼% First Mortgage Sinking Fund Series "A" Bonds due January 2, 1967, being part of an authorized issue of \$5,000,000. The properties and fixtures of Henry Morgan Properties, Limited are being leased under notarial deed which provides for a net annual payment by the company of \$462,500 in each year up to and including 1967, plus the amount of municipal taxes, maintenance, insurance and other operating charges. The Company has the right to optional renewals on the present lease for 3 succeeding ten year periods starting in 1967. The company also unconditionally guaranteed as to principal and interest the mortgage bond issue referred to in the foregoing. As a result of the operation of the Sinking Fund for four years the amount of bonds outstanding as at December 31, 1950 was \$3,080,000.

From the beginning of 1950 the Company has leased a new modern warehouse on Cote de Liesse Road near the north-west city limits of Montreal. All deliveries now operate from this warehouse which also houses several of the store workrooms and inventories for the home furnishing departments.

A substantial programme of renovation of store furnishings and fixtures which commenced at the close of the war has greatly improved the appearance and selling effectiveness of the physical plant. Concurrently with the changes intended to improve selling facilities the electrical and mechanical services of the store premises have been brought up to the most modern standards. Escalators have been installed from the main floor to the seventh — the top selling floor. Remodelling of the basement in the past year has greatly improved facilities for receiving of merchandise.

EARNINGS

The following report has been received from McDonald, Currie & Co., Chartered Accountants.

Montreal, 12 May, 1951.

To the Directors

Henry Morgan and Company Limited

We have made an examination of the books and accounts of Henry Morgan and Company Limited and we report that, in our opinion, the following statement fairly presents the earnings of the Company for the fourteen years ended 31st January, 1951:

Year Ended	Sales	Earnings before depreciation and taxes on income	Provision for depreciation	Income and excess profits taxes less refundable portion thereof	Net earnings including refundable portion of excess profits tax
26 Jan., 1938	\$ 7,222,664	\$276,424	\$44,000	\$ 42,550	\$189,874
1 Feb., 1939	7,464,306	234,141	41,150	34,000	158,991
31 Jan., 1940	7,724,911	339,513	43,204	65,000	231,309
29 Jan., 1941	8,658,981	369,375	38,505	145,000	185,870
28 Jan., 1942	9,517,341	427,277	43,972	170,000	213,305
27 Jan., 1943	10,479,379	537,559	44,141	237,000	256,418
2 Feb., 1944	11,687,113	690,584	53,488	335,000	302,096
31 Jan., 1945	12,354,211	841,218	35,514	390,000	415,704
30 Jan., 1946	14,886,826	972,721	44,584	507,000	421,137
29 Jan., 1947	18,981,907	944,866	86,365	425,000	433,501
28 Jan., 1948	21,626,294	882,278	28,553	385,000	468,725
26 Jan., 1949	23,434,281	1,051,039	53,345	500,000	497,694
25 Jan., 1950	24,077,457	1,179,984	112,749	500,000	567,235
31 Jan., 1951	27,216,778	1,259,343	93,421	550,000	615,922

NOTE:

The earnings for the years ended 26th January 1949 and 31st January 1951 are after providing for a reserve against possible decline in inventory values amounting to \$400,000 and \$150,000 respectively.

(Signed) McDONALD, CURRIE & CO.

Chartered Accountants.

The total annual dividend requirements for the \$1,455,000 of 4¾% preferred stock presently outstanding and the \$1,000,000 of 5% preferred stock to be outstanding on completion of this financing will amount to \$119,112. The Company's average earnings available for dividends on these preferred shares for the 14 year period ended January 31, 1951 amounted to \$354,127 or 2.97 times these requirements. For the year ended January 31, 1951, such earnings were \$615,922 or 5.17 times dividend requirements.

EQUITY

The company's net tangible assets, after the deduction of all liabilities senior to the preferred stock and after giving effect to this financing, would have amounted to \$7,024,863 on the basis of the January 31, 1951 balance sheet as given herewith. This is equivalent to \$286 for each share of the 4¾% preferred stock and 5% preferred stock to be outstanding on completion of this financing.

PURPOSE OF ISSUE

The proceeds of this issue of \$1,000,000 5% preferred stock will be used for general corporate purposes.

SUMMARY OF PREFERRED STOCK PROVISIONS

The holders of the 5% Preferred Shares will be entitled to receive cumulative preferential dividends at the rate of 5% per annum, concurrently with the quarterly dividends on the now outstanding 4¾% Preferred Shares of the Company, as and when declared by the directors, payable quarterly on the first days of March, June, September and December by cheque at par at any branch of the Company's bankers in Canada, (far northern branches excepted). No dividends may be declared or paid on any shares of the Company other than the 4¾% Preferred Shares and the 5% Preferred Shares so long as such preferred dividends are in arrears.

In the event of liquidation, dissolution or winding up of the Company the 5% Preferred Shares will rank equally with the 4¾% Preferred Shares of the Company and both issues rank in priority to all other capital stock of the Company to the extent of the capital paid up thereon plus a sum equal to all unpaid and accrued dividends, whether or not declared, to the date of distribution but shall be entitled to no further participation in the assets of the Company: provided that if such liquidation, dissolution or winding up of the Company is voluntary, the preferred shareholders are entitled to an additional amount of 4% of the amount paid up on their Shares.

The 4¾% and/or the 5% Preferred Shares may be redeemed at any time on 30 days' notice in whole or in part by lot at \$104 per Share, (hereinafter referred to as the "redemption price") together with all accrued and unpaid dividends.

The Company has the right at any time to purchase for redemption on the open market any of the Preferred Shares at any price not exceeding the redemption price.

The holders of the Preferred Shares shall not be entitled to attend or to vote at any general meeting of the Company unless the latter is in default in respect of six quarterly dividends or of any sinking fund payment whereupon while any such default continues the holders are entitled to one vote per share and as a class to elect three directors of the Company.

So long as any of the 5% Preferred Shares remain outstanding the Company shall annually provide by purchases for redemption or set aside beginning August 1, 1952, to the credit of a sinking fund reserve account a sum equivalent to 3% of the aggregate par value of the greatest total number of 5% Preferred Shares theretofore issued more than twelve months previous, and any amount so set aside is to be expended by the Company with due diligence in the purchase for redemption of such preferred shares at any price not exceeding the redemption price. If and when the total of the sinking fund reserve not so expended exceeds \$100,000 the Company shall forthwith proceed to call for redemption sufficient shares to exhaust such sinking fund reserve.

So long as any of the 4¾% or of the 5% Preferred Shares remain outstanding the Company may not without the sanction (in the manner expressly provided) of the shareholders of each class:

- (a) authorize or create any Preferred Shares ranking in priority to or on a parity with said Preferred Shares;
- (b) create any mortgage or charge on any of its property or issue any obligations maturing more than one year from date, or guarantee any such obligations of another company; but this prohibition does not extend to the guarantee undertaking of the Company as regards the \$1,500,000 principal amount of authorized but unissued First Mortgage Bonds of Henry Morgan Properties, Limited, nor to the incurring and/or securing of obligations in favour of bankers or others in the ordinary course of the Company's business;
- (c) pay any dividend on shares of the Company other than said Preferred Shares which would reduce its net current assets to less than \$3,500,000 (or less as defined).

A full statement of the rights, preferences, priorities, limitations and restrictions pertaining to the new 5% Cumulative Redeemable Sinking Fund Preferred Shares appears in Section (f) of the sub-joined statutory information to which reference is hereby made.

Yours very truly,

(Signed) J. Bartlett Morgan

General Manager.

May 12, 1951.

Henry Morgan and Company Limited

BALANCE SHEET AS AT 31st JANUARY, 1951

ASSETS

Current Assets:

Cash	\$ 122,275	
Accounts and bills receivable, less reserve	3,646,703	
Inventories—valued at the lower of estimated cost or market (less reserve of \$550,000)	3,248,900	
Investment in government bonds—at par (quoted market value \$986,250)	1,000,000	
		<u>\$8,017,878</u>

Sundry Assets:

Life insurance—cash surrender value	124,210	
Insurance deposits, less reserve	16,504	
Prepaid supplies and expenses	207,040	
Refundable portion of excess profits tax	123,895	
		<u>471,649</u>

Fixed Assets:

Store, office and garage equipment and fixtures—at cost, less amounts written off for depreciation	344,308	
Improvements to leasehold properties—at cost, less amounts written off ...	233,574	
		<u>577,882</u>
		<u><u>\$9,067,409</u></u>

LIABILITIES

Current Liabilities:

Accounts payable	\$1,608,874	
Customers' deposits and accrued liabilities	853,716	
Provision for income and other taxes	394,956	
Provision for contingencies	125,000	
		<u>\$2,982,546</u>

Capital Stock and Surplus:

Capital stock—		
Authorized—		
25,000 4 $\frac{3}{4}$ % cumulative redeemable preferred shares of the par value of \$100 each	\$2,500,000	
430,000 common shares without nominal or par value	—	
Issued and fully paid—		
15,000 preferred shares	1,500,000	
450 preferred shares redeemed during the year	45,000	
14,550 preferred shares outstanding	1,455,000	
312,057 common shares	1,733,100	
	3,188,100	
Capital surplus—set aside in respect of the redemption of preferred shares .	45,000	
Earned surplus	2,851,763	
		<u>6,084,863</u>
		<u><u>\$9,067,409</u></u>

Note 1:

There is a contingent liability under a guarantee of the bonds of Henry Morgan Properties Limited.

Note 2:

An amount of approximately \$300,000 is required to provide for the balance of the estimated past service cost of the staff retirement plan.

APPROVED ON BEHALF OF THE BOARD:

A. H. Elder	} Directors.
A. E. Walford	

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Henry Morgan and Company Limited for the year ended 31st January, 1951, and we have obtained all the information and explanations which we have required. In this connection we have examined or tested the accounting records and supporting evidence to the extent which we deemed necessary and we have made a general review of the accounting methods.

We report that, in our opinion, the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 31st January, 1951, according to the best of our information and the explanations given to us and as shown by the books of the company.

(Signed) McDONALD, CURRIE & CO.
Chartered Accountants.

MONTREAL, 13th March, 1951.

STATUTORY INFORMATION

(a) HENRY MORGAN AND COMPANY LIMITED, (hereinafter referred to as "the Company"), was incorporated by Letters Patent dated August 2, 1906, under the provisions of the Companies Act, 1902, of Canada.

The said Letters Patent have been amended from time to time by the issue of Supplementary Letters Patent dated, respectively, January 29, 1929; January 19, 1949; May 12, 1949 and May 14, 1951.

The Head Office of the Company is situated at Phillips Square, Montreal.

(b) The names, descriptions and addresses of the Directors, Chief Executive Officers and the Auditors of the Company are as follows:

DIRECTORS

HENRY WILLIAM MORGAN.....	Merchant.....	1 Summerhill Terrace, Montreal, P.Q.
FREDERICK CLEVELAND MORGAN.....	Merchant.....	3462 Peel Street, Montreal, P.Q.
JAMES BARTLETT MORGAN.....	Merchant.....	Senneville, P.Q.
THEODORE GOLD MORGAN.....	Merchant.....	46 Sunnyside Avenue, Westmount, P.Q.
MAJOR-GENERAL ALFRED ERNEST WALFORD..... C.B., C.B.E., M.M.	Merchant.....	1509 Sherbrooke St. West, Montreal, P.Q.
HUGH MCFARLANE WILSON.....	Merchant.....	1 Lyncroft Road, Hampstead, P.Q.
AUBREY HUNTINGDON ELDER, K.C.....	Barrister.....	3738 Cote des Neiges Road, Montreal, P.Q.
DONALD STEWART PATTERSON.....	Investment Dealer..	4100 Cote des Neiges Rd., Montreal, P.Q.

CHIEF EXECUTIVE OFFICERS

HENRY WILLIAM MORGAN.....	President.....	1 Summerhill Terrace, Montreal, P.Q.
FREDERICK CLEVELAND MORGAN.....	Vice-President.....	3462 Peel Street, Montreal, P.Q.
JAMES BARTLETT MORGAN.....	General Manager...	Senneville, P.Q.
MAJOR-GENERAL ALFRED ERNEST WALFORD..... C.B., C.B.E., M.M.	Controller and Secretary-Treasurer..	1509 Sherbrooke St. West, Montreal, P.Q.

AUDITORS

MCDONALD, CURRIE & Co.....	Chartered Accountants...	507 Place d'Armes, Montreal, P.Q.
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(c) The Transfer Agent and the Registrar in respect of all the Preferred Shares of the Company are The Royal Trust Company, Montreal, and the Morgan Trust Company, Montreal, respectively. The Transfer Agent and Registrar in respect of the Common Shares of the Company is the Morgan Trust Company.

(d) The general nature of the business actually transacted by the Company is that of a retail department store engaging in purchasing and selling merchandise.

(e) The capital stock of the Company authorized:

Description	Authorized	Issued	Paid-Up
4¾% Cumulative Redeemable Sinking Fund Preferred Shares of the par value of \$100. each.....	\$1,500,000	\$1,500,000	\$1,455,000*
5% Cumulative Redeemable Sinking Fund Preferred Shares of the par value of \$100. each.....	\$1,000,000	Nil	Nil
Common Shares without nominal or par value.....	430,000 shs.	312,057 shs.	312,057 shs.

*450 shares having been called during the year 1950 in accordance with the sinking fund provisions relative to these preferred shares.

(f) The description of respective voting rights, preferences, conversions and exchange rights, rights to dividends, profits or capital of each class of shares including redemption rights and rights on liquidation or distribution of capital assets is as follows:

The 4¾% Cumulative Redeemable Sinking Fund Preferred Shares of the par value of \$100. each (hereinafter sometimes referred to as the "preferred shares") shall have and be subject to the rights, preferences, priorities, conditions and limitations following, to wit:

(1) The holders of the preferred shares shall be entitled to receive out of the earned surplus or net profits of the Company available for dividends, as and when declared by the board of directors of the Company, cumulative preferential cash dividends at the rate of Four and three quarters per centum ($4\frac{3}{4}\%$) per annum and no more on the amount for the time being paid up on the preferred shares, such dividends to be payable in quarterly instalments on the first days of March, June, September and December respectively in each year and to accrue in respect of each such preferred share issued and outstanding from the date of issue thereof; such quarterly dividend payments to be made by cheque payable at par at any office of the bankers of the Company within the Dominion of Canada (far northern branches excepted). Such dividends shall be cumulative so that if the dividend in respect of any quarterly period at the rate of Four and three quarters per centum ($4\frac{3}{4}\%$) per annum as aforesaid shall not have been paid upon or declared or set apart for the preferred shares issued and outstanding, the deficiency shall be fully paid or declared and set apart before any dividend shall be paid upon or declared or set apart for any other shares of the capital stock of the Company.

(2) In the event of the liquidation, dissolution or winding up of the Company for reorganization or otherwise, or on any distribution of assets of the Company otherwise than by payment of dividends, the holders of record of the preferred shares shall be entitled before any of the assets of the Company shall be distributed among or paid over to the holders of any other class of stock of the Company, to be paid in full the amount paid up on their preferred shares together with all unpaid accrued dividends whether or not earned or declared; and if such liquidation, dissolution or winding up of the Company or other distribution of assets otherwise than by way of dividends be voluntary, the holders of record of the preferred shares shall, in addition, be entitled to receive a further amount equal to four per centum (4%) of the amount paid up as aforesaid before any distribution is made to the holders of any other class of stock of the Company; and save as aforesaid the holders of the preferred shares shall not be entitled to any other or further participation in the assets of the Company. If upon such liquidation, dissolution, winding-up or distribution of the assets of the Company distributable as aforesaid amongst the holders of the preferred shares, such assets be insufficient to permit of payment in full to such holders of the amounts as hereinbefore provided, then the entire distributable assets of the Company shall be distributed rateably among the holders of record of the preferred shares.

(3) By resolution of the board of directors of the Company, all or from time to time any part of the preferred shares then outstanding may be redeemed by the Company on any date fixed by such resolution at One hundred and four dollars (\$104) per share (hereinafter sometimes referred to as the "redemption price") together in any event with all dividends accrued and unpaid calculated to the date so fixed for such redemption. The said redemption price shall be paid at such place or places as such resolution shall specify. If less than all of the outstanding preferred shares are to be redeemed, the shares so to be redeemed shall be selected by a drawing by lot to be made in such equitable manner as may be determined by the board of directors of the Company.

Notice of such redemption stating the date when the said preferred shares are to be redeemed and the place or places where the redemption price aforesaid is payable shall be mailed postage prepaid at least thirty (30) days prior to the date so fixed for redemption to each registered holder of preferred shares to be redeemed to the address of such holder as it appears in the books of the Company, or in the event of the address of any such holder not so appearing, then to the last known address of such holder; and if part only of the shares held by the person to whom it is addressed is to be redeemed the notice shall state the number thereof. On the date so fixed for redemption the Company shall pay or cause to be paid to or to the order of each such holder the redemption price per share on presentation for surrender and cancellation at the place designated by the said notice for such purpose of the certificate or certificates representing the preferred shares so to be redeemed; provided that if a part only of the shares represented by any such certificate is redeemed a new certificate representing the balance shall be issued to the holder. After the date so fixed for redemption the holders of the preferred shares so called for redemption shall cease to be entitled to dividends or to any rights or status as shareholders in respect of said shares, unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which event the rights of the holders shall remain unaffected.

The Company shall also have the right at any time and from time to time to redeem any of said preferred shares outstanding by purchase thereof on the open market at any price not exceeding the redemption price.

Any preferred shares redeemed or purchased for redemption under the provisions hereof shall not be reissued.

(4) The holders of the preferred shares shall not be entitled as such to attend or to vote at or to receive notice of any general meeting of the shareholders of the Company unless and until six (6) quarterly dividends on the preferred shares then outstanding shall be in arrears and unpaid, or unless and until the Company shall make default under the sinking fund provisions relating to the preferred shares. Thereafter so long as any such dividends remain in arrears or any default under the sinking fund provisions continues, the holders of the preferred shares shall be entitled at all meetings of shareholders of the Company to one vote in respect of each preferred share held, and to receive due notice of any such meeting. The Company shall at all times cause to be sent to the registered holders of preferred shares copies of the financial statements and of the directors' report thereon submitted to the annual general meeting of shareholders.

In the event of the holders of preferred shares having become entitled under the foregoing provisions to vote in respect thereof at any general meeting of shareholders, then and so long as they remain so entitled the holders of preferred shares present or represented at each annual general meeting of the Company shall be entitled to vote separately and exclusively as a class for the election of three (3) out of the total number of directors of the Company for the ensuing year to be elected at such meeting; and the holders of common shares shall have no voice in said particular election.

(5) So long as any of the preferred shares remain outstanding, the Company shall annually on the first day of August in each year, beginning with the year next following that in which any of the preferred shares have been issued, set aside in its books to the credit of a sinking fund reserve account for the redemption of preferred shares a sum equivalent to three per centum (3%) of the aggregate par value of the greatest total number of the preferred shares which shall have been issued at any time more than twelve (12) months prior to the sinking fund payment date aforesaid; provided always that in

such connection the Company shall be entitled to credit against such sum the total aggregate dollar amount which it may have expended during the twelve months' period preceding any such sinking fund payment date in the purchase for redemption of preferred shares in the exercise of the right in such respect under the provisions of the foregoing sub-paragraph (3).

The total amount of any such sinking fund reserve account as from time to time existing shall be expended by the Company with due diligence in the purchase for redemption on the open market at any price not exceeding the redemption price of any of the preferred shares at any time or from time to time so offered for sale; and any purchase by the Company of preferred shares for redemption shall be deemed to have been made by the expenditure of sinking fund moneys to the extent thereof then so applicable.

If and when the total of the sums (if any) so annually set aside as a sinking fund and not thereafter expended as above provided shall exceed One hundred thousand dollars (\$100,000), the Company shall forthwith proceed to apply such sinking fund moneys in redemption, pursuant to notice thereof in the manner in sub-paragraph (3) hereof provided, of such number of then outstanding preferred shares as at the redemption price per share will as nearly as possible exhaust the said sinking fund moneys then so applicable. All preferred shares so redeemed by operation of the sinking fund shall be held by the Company only for ultimate cancellation.

(6) The Company shall not, so long as any of the preferred shares remain outstanding, except with the sanction as hereinafter provided of the holders thereof, (a) authorize or create any other or additional preferred shares ranking in priority to or on a parity with the said preferred shares; nor (b) voluntarily create any mortgage, hypothec, pledge, charge or encumbrance of any kind on any part of the immovable or moveable property of the Company or authorize the issue of any bonds, debentures or other securities of the Company maturing more than one year from their date, or guarantee payment of any such obligations or securities issued by any other company, provided always that this prohibition shall not be deemed to relate to the existing covenants of the Company relative to guarantee of the First Mortgage Sinking Fund Bonds of Henry Morgan Properties, Limited, of a total authorized principal amount of \$5,000,000, of which \$3,500,000 principal amount of 3¼% Series "A" Bonds has been issued of which \$3,290,000 principal amount was outstanding as at December 31, 1948, nor shall it operate to prevent the giving of purchase money mortgages or like security by way of vendor's privilege on any property hereafter acquired by the Company nor the acquisition of property subject to any mortgage, lien or charge thereon existing nor the giving of mortgages, hypothecs, pledges, charges, assignments, liens or other security created in favour of bankers or others in the ordinary course of the business of the Company and for the purpose of carrying on the same; nor (c) authorize or permit the issue of the preferred shares hereby dealt with in excess of a total aggregate par value of One million five hundred thousand dollars (\$1,500,000.) thereof; unless at the time of any such contemplated further issue (1) the amount of net earnings of the Company as hereunder defined for any twelve consecutive months within a preceding period of eighteen months is not less than three (3) times the amount of annual dividend payable in respect of all preferred shares outstanding at the time of such contemplated further issue and of all preferred shares to be outstanding in consequence thereof, and (2) the value of the net tangible assets of the Company as hereunder defined, including therein the estimated proceeds of the preferred shares proposed to be issued, is an amount equivalent to not less than the aggregate of a value of Two hundred and fifty dollars (\$250) per share attributed to each of the preferred shares outstanding at the time of such contemplated further issue and to each of the preferred shares to be outstanding in consequence thereof; nor (d) pay any dividend on any shares of the capital stock of the Company other than the preferred shares while the Company is in default in respect of sinking fund relative thereto, or payment of which would have the effect of reducing the amount of the net current assets of the Company as hereunder defined to an amount less than Three million five hundred thousand dollars (\$3,500,000), or such lesser figure as may result at the time by deduction from the amount aforesaid of the amount (if any) by which the aggregate par value of the preferred shares then outstanding is less than One million five hundred thousand dollars (\$1,500,000).

In the foregoing sub-clauses (c) and (d) the expressions following shall have the following meanings, namely:

"Net current assets" means surplus of current assets over current liabilities.

"Net earnings" means the balance remaining after charging against revenues from the operations of the Company all expenses and losses relating to the operations of the Company and, without limiting the generality of the foregoing, after making provision for depreciation and taxes on income.

"Net tangible assets" means the excess of the assets of the Company other than patents, copyrights, secret processes and formulae, goodwill, trade marks, tradebrands, franchises and other intangible assets over the liabilities of the Company other than contingent liabilities, surplus, refundable portion of excess profits tax, unimpaired reserves, and liability to shareholders for capital stock.

Any matter requiring the sanction of the holders of the preferred shares as above provided in this sub-paragraph (6) shall be deemed to have been duly sanctioned by the holders of the preferred shares if it shall have been approved in writing by the holders of a majority of the outstanding preferred shares or by resolution passed at a special general meeting of the holders of said shares duly called and held upon not less than twenty-one (21) days' notice in writing at which meeting the holders of at least a majority of the outstanding preferred shares are present or represented by proxy (and any such proxy need not himself be a holder of preferred shares) and carried by the affirmative vote of the holders of a majority of the outstanding preferred shares or by the affirmative vote of not less than three fourths ($\frac{3}{4}$) of the votes cast at such meeting, whichever is the lesser. If at any such special general meeting the holders of a majority of the outstanding preferred shares are not present in person or by proxy within one half hour after the time appointed for the meeting, then the meeting shall stand adjourned to such date not less than fifteen (15) days thereafter and to such time and place as may be designated by the chairman, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the holders of preferred shares present or represented by proxy may transact the business for which the meeting was originally convened; and a resolution passed thereat by the affirmative vote of the holders of a majority of the outstanding preferred shares or by the affirmative vote of not less than three fourths ($\frac{3}{4}$) of the votes cast at such meeting, whichever is the lesser, shall constitute the sanction of the holders of preferred shares as hereinabove referred

to. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any such special general meeting or adjournment thereof and the conduct of proceedings thereat shall be those at the time prescribed by the By-laws of the Company in respect of meetings of shareholders.

(7) No holder of preferred shares shall as such be entitled as of right to subscribe for or purchase any part of any issue of shares or other securities of the Company now or hereafter authorized.

(8) Nothing herein contained shall affect or restrict the right of the Company to increase the authorized number of its common shares in accordance with the provisions of law, or to issue its common shares from time to time.

The 5% Cumulative Redeemable Sinking Fund Preferred Shares of the par value of \$100. each (hereinafter sometimes referred to as the Five per centum (5%) Cumulative Preferred Shares) shall have and be subject to the rights, preferences, priorities, conditions and limitations following, to wit:

(1) The holders of the Five per centum (5%) Cumulative Preferred shares shall be entitled to receive out of the earned surplus or net profits of the Company available for dividends, as and when declared by the board of directors of the Company, cumulative preferential cash dividends at the rate of Five per centum (5%) per annum and no more on the amount for the time being paid up on the Five per centum (5%) Cumulative Preferred shares, such dividends to be payable in quarterly instalments concurrently with the quarterly dividends on the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares of the Company on the first days of March, June, September and December respectively in each year and to accrue in respect of each such Five per centum (5%) Cumulative Preferred share from the date of issue thereof; such quarterly dividend payments to be made by cheque payable at par at any office of the bankers of the Company within Canada (far northern branches excepted). When any dividends payable on the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares and on the Five per centum (5%) Cumulative Preferred shares of the Company are not paid in full, the lesser amount so payable as dividends shall be paid rateably upon the amount paid-up on the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares and on the Five per centum (5%) Cumulative Preferred shares in accordance with the total aggregate amount which would be payable on said two classes of preferred shares respectively, including accumulations (if any), if all dividends on said two classes of preferred shares were declared and paid in full. No dividends shall be paid or declared and set apart for payment on any other shares of the Company unless all accrued dividends on the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares and on the Five per centum (5%) Cumulative Preferred shares then issued and outstanding, including the preferential dividend for the current quarterly dividend period, shall have been paid or declared and set apart for payment.

(2) In the event of the liquidation, dissolution or winding-up of the Company or on any distribution of assets otherwise than by payment of dividends, no sum whatsoever shall be paid nor shall any assets whatsoever be distributed among the holders of any shares of the Company (other than to the holders of the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares of the Company) until there shall have been paid to the holders of the Five per centum (5%) Cumulative Preferred shares the amount paid up thereon together with all unpaid accrued dividends on said shares whether or not earned or declared; and if such liquidation, dissolution or winding-up of the Company or other distribution of assets otherwise than by way of dividends be voluntary, the holders of record of the Five per centum (5%) Cumulative Preferred shares shall, in addition, be entitled to receive a further amount equal to four per centum (4%) of the amount paid up as aforesaid before any distribution is made to the holders of any other class of stock of the Company (other than the holders of the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares). The holders of the Five per centum (5%) Cumulative Preferred shares shall be entitled to be paid all such moneys out of the assets of the Company, by preference over and in priority to the holders of any other shares of the Company (other than the holders of the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares of the Company), but the holders of the Five per centum (5%) Cumulative Preferred shares shall not have the right or be entitled to any further participation in the assets of the Company. When any sums so payable are not paid in full, the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares and the Five per centum (5%) Cumulative Preferred shares shall participate rateably in respect of such payments in accordance with the sums which would be payable if all sums so payable were paid in full.

(3) By resolution of the board of directors of the Company, all or from time to time any part of the Five per centum (5%) Cumulative Preferred shares then outstanding may be redeemed by the Company on any date fixed by such resolution at One hundred and four dollars (\$104.) per share (hereinafter referred to as the "redemption price") together in any event with all dividends accrued and unpaid calculated to the date so fixed for such redemption. The said redemption price shall be paid at such place or places as such resolution shall specify. If less than all of the said outstanding preferred shares are to be redeemed, the shares so to be redeemed shall be selected by a drawing by lot to be made in such equitable manner as may be determined by the board of directors of the Company. Notice of such redemption stating the date when the said preferred shares are to be redeemed and the place or places where the redemption price aforesaid is payable shall be mailed postage prepaid at least thirty (30) days prior to the date so fixed for redemption to each registered holder of preferred shares to be redeemed to the address of such holder as it appears in the books of the Company, or in the event of the address of any such holder not so appearing, then to the last known address of such holder; and if part only of the shares held by the person to whom it is addressed is to be redeemed the notice shall state the number thereof. On the date so fixed for redemption the Company shall pay or cause to be paid to or to the order of each such holder the redemption price per share on presentation for surrender and cancellation at the place designated by the said notice for such purpose of the certificate or certificates representing the preferred shares so to be redeemed; provided that if a part only of the shares represented by any such certificate is redeemed a new certificate representing the balance shall be issued to the holder. After the date so fixed for redemption the holders of the preferred shares so called for redemption shall cease to be entitled to dividends or to any rights or status as shareholders in respect of said shares, unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which event the rights of the holders shall remain unaffected.

The Company shall also have the right at any time and from time to time to redeem any of the said Five per centum (5%) Cumulative Preferred shares outstanding by purchase thereof on the open market at any price not exceeding the redemption price.

Any preferred shares redeemed or purchased for redemption under the provisions hereof shall not be reissued.

(4) The holders of the Five per centum (5%) Cumulative Preferred shares shall not be entitled as such to attend or to vote at or to receive notice of any general meeting of the shareholders of the Company unless and until six (6) quarterly dividends on the said preferred shares then outstanding shall be in arrears and unpaid, or unless and until the Company shall make default under the sinking fund provisions relating to the said preferred shares. Thereafter so long as any such dividends remain in arrears or any default under the sinking fund provisions continues, the holders of the said preferred shares shall be entitled at all meetings of shareholders of the Company to one vote in respect of each preferred share held, and to receive due notice of any such meeting. The Company shall at all times cause to be sent to the registered holders of said preferred shares copies of the financial statements and of the directors' report thereon submitted to the annual general meeting of shareholders.

In the event of the holders of the Five per centum (5%) Cumulative Preferred shares having become entitled under the foregoing provisions to vote in respect thereof at any general meeting of shareholders, then and so long as they remain so entitled the holders of said preferred shares present or represented at each annual general meeting of the Company shall be entitled in conjunction with the holders of the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares so present or represented to vote separately and exclusively as a class for the election of three (3) out of the total number of directors of the Company for the ensuing year to be elected at such meeting; and the holders of common shares shall have no voice in said particular election.

(5) So long as any of the Five per centum (5%) Cumulative Preferred shares remain outstanding, the Company shall annually on the first day of August in each year, beginning with the year next following that in which any of the preferred shares have been issued, set aside in its books to the credit of a sinking fund reserve account for the redemption of Five per centum (5%) Cumulative Preferred shares a sum equivalent to three per centum (3%) of the aggregate par value of the greatest total number of the said preferred shares which shall have been issued at any time more than twelve (12) months prior to the sinking fund payment date aforesaid; provided always that in such connection the Company shall be entitled to credit against such sum the total aggregate dollar amount which it may have expended during the twelve months' period preceding any such sinking fund payment date in the purchase for redemption of said preferred shares in the exercise of the right in such respect under the provisions of the foregoing sub-paragraph (3).

The total amount of any such sinking fund reserve account as from time to time existing shall be expended by the Company with due diligence in the purchase for redemption on the open market at any price not exceeding the redemption price of any of the Five per centum (5%) Cumulative Preferred shares at any time or from time to time so offered for sale; and any purchase by the Company of said preferred shares for redemption shall be deemed to have been made by the expenditure of sinking fund moneys to the extent thereof then so applicable.

If and when the total of the sums (if any) so annually set aside as a sinking fund and not thereafter expended as above provided shall exceed One hundred thousand dollars (\$100,000.), the Company shall forthwith proceed to apply such sinking fund moneys in redemption, pursuant to notice thereof in the manner in sub-paragraph (3) hereof provided, of such number of then outstanding Five per centum (5%) Cumulative Preferred shares as at the redemption price per share will as nearly as possible exhaust the said sinking fund moneys then so applicable. All preferred shares so redeemed by operation of the sinking fund shall be held by the Company only for ultimate cancellation.

(6) The Company shall not, so long as any of the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares remain outstanding, except with the sanction of the holders thereof in the manner provided in the conditions relating to said shares, authorize or permit the issue of the Five per centum (5%) Cumulative Preferred shares hereby dealt with, unless at the time of any such contemplated issue (1) the amount of net earnings of the Company as hereunder defined for any twelve (12) consecutive months within a preceding period of eighteen (18) months is not less than three (3) times the amount of annual dividend payable in respect of all preferred shares outstanding at the time of such contemplated further issue and of all preferred shares to be outstanding in consequence thereof, and (2) the value of the net tangible assets of the Company as hereunder defined, including therein the estimated proceeds of the preferred shares proposed to be issued, is an amount equivalent to not less than the aggregate of a value of Two hundred and fifty dollars (\$250) per share attributed to each of the preferred shares outstanding at the time of such contemplated further issue and to each of the preferred shares to be outstanding in consequence thereof.

In the foregoing sub-paragraph (6) the expressions following shall have the following meanings, namely:—

"Net earnings" means the balance remaining after charging against revenues from the operations of the Company all expenses and losses relating to the operations of the Company and, without limiting the generality of the foregoing, after making provision for depreciation and taxes on income.

"Net tangible assets" means the excess of the assets of the Company other than patents, copyrights, secret processes and formulae, goodwill, trade marks, trade-brands, franchises and other intangible assets over the liabilities of the Company other than contingent liabilities, surplus, refundable portion of excess profits tax, unimpaired reserves, and liability to shareholders for capital stock.

(7) The Company shall not, so long as any of the Five per centum (5%) Cumulative Preferred shares remain outstanding, except with the sanction as hereinafter provided of the holders thereof, (a) authorize or create any other or additional preferred shares ranking in priority to or on a parity with the said preferred shares; nor (b) voluntarily create any mortgage, hypothec, pledge, charge or encumbrance of any kind on any part of the immoveable or moveable property of the Company or authorize the issue of any bonds, debentures or other securities of the Company maturing more than one year from their date, or guarantee payment of any such obligations or securities issued by any other company, provided always that this prohibition shall not be deemed to relate to the existing covenants of the Company relative to guarantee of the First Mortgage Sinking Fund Bonds of Henry Morgan Properties, Limited, of a total authorized principal amount of Five million dollars (\$5,000,000.) of which Three

million five hundred thousand dollars (\$3,500,000.) principal amount of Three and one quarter per centum ($3\frac{1}{4}\%$) series "A" Bonds has been issued of which Three million and eighty thousand dollars (\$3,080,000.) principal amount was outstanding as at December 31, 1950, nor shall it operate to prevent the giving of purchase money mortgages or like security by way of vendor's privilege on any property hereafter acquired by the Company nor the acquisition of property subject to any mortgage, lien or charge thereon existing nor the giving of mortgages, hypothecs, pledges, charges, assignments, liens or other security created in favour of bankers or others in the ordinary course of the business of the Company and for the purpose of carrying on the same; nor (c) pay any dividend on any shares of the capital stock of the Company other than the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares and the Five per centum (5%) Cumulative Preferred shares while the Company is in default in respect of sinking fund relative to the latter, or payment of which would have the effect of reducing the amount of the net current assets of the Company as hereunder defined to an amount less than Three million five hundred thousand dollars (\$3,500,000.), or such lesser figure as may result at the time by deduction from the amount aforesaid of the amount (if any) by which the total aggregate par value of the Four and three quarters per centum ($4\frac{3}{4}\%$) Cumulative Preferred shares and the Five per centum (5%) Cumulative Preferred shares then outstanding is less than One million five hundred thousand dollars (\$1,500,000.).

In the foregoing sub-clause (c) the expression following shall have the following meaning, namely:—

"Net current assets" means surplus of current assets over current liabilities.

Any matter requiring the sanction of the holders of the Five per centum (5%) Cumulative Preferred shares as above provided in sub-paragraph (7) shall be deemed to have been duly sanctioned by the holders of the said preferred shares if it shall have been approved in writing by the holders of a majority of said preferred shares outstanding or by resolution passed at a special general meeting of the holders of said shares duly called and held upon not less than twenty-one (21) days' notice in writing at which meeting the holders of at least a majority of said outstanding preferred shares are present or represented by proxy (and any such proxy need not himself be a holder of such preferred shares) and carried by the affirmative vote of the holders of a majority of the said preferred shares outstanding or by the affirmative vote of not less than three fourths ($\frac{3}{4}$) of the votes cast at such meeting, whichever is the lesser. If at any such special general meeting the holders of a majority of the said preferred shares outstanding are not present in person or by proxy within one half hour after the time appointed for the meeting, then the meeting shall stand adjourned to such date not less than fifteen (15) days thereafter and to such time and place as may be designated by the chairman, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the holders of said preferred shares present or represented by proxy may transact the business for which the meeting was originally convened; and a resolution passed thereat by the affirmative vote of the holders of a majority of the said preferred shares outstanding or by the affirmative vote of not less than three fourths ($\frac{3}{4}$) of the votes cast at such meeting, whichever is the lesser, shall constitute the sanction of the holders of said preferred shares as hereinabove referred to. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any such special general meeting or adjournment thereof and the conduct of proceedings thereat shall be those at the time prescribed by the By-laws of the Company in respect of meetings of shareholders.

(8) No holder of the Five per centum (5%) Cumulative Preferred shares shall as such be entitled as of right to subscribe for or purchase any part of any issue of shares or other securities of the Company now or hereafter authorized.

(9) Nothing herein contained shall affect or restrict the right of the Company to increase the authorized number of its common shares in accordance with the provisions of law, or to issue its common shares from time to time.

The common shares without nominal or par value rank after the preferred shares both as regards dividends and distribution of assets.

There are no conversion or exchange rights relating to any shares of the Company.

(g) No bonds, debentures or other securities are proposed to be issued or have been issued which will rank ahead of or *pari passu* with the securities offered, except \$1,455,000 of $4\frac{3}{4}\%$ Cumulative Redeemable Sinking Fund Preferred Shares which rank *pari passu* with the securities offered; but the Company has covenanted to guarantee unconditionally payment of the principal and interest of the First Mortgage Sinking Fund Bonds of Henry Morgan Properties, Limited, to a total authorized principal amount of five million dollars (\$5,000,000) of which Series "A" Bonds in principal amount of three million five hundred thousand dollars (\$3,500,000) dated January 2, 1947, and bearing interest at the rate of $3\frac{1}{4}\%$ per annum, payable semi-annually, and maturing on January 2, 1967, have been issued and are outstanding in total principal amount of three million and eighty thousand dollars (\$3,080,000) as at December 31, 1950.

(h) No substantial indebtedness not shown in the Balance Sheet of the Company as at January 31, 1951 accompanying this Prospectus is to be created or assumed at the present time.

(i) No securities of the Company are covered by options outstanding or proposed to be given. Reference is made, however, to the Agreement referred to in paragraph (n ii) hereof.

(j) The number of Preferred Shares offered by this Prospectus and their correct descriptive title and the issue price to the public thereof are stated on the face of this Prospectus, to which reference is expressly made. The issue price thereof by the Company is as stated in paragraph (n ii) below.

(k) The estimated net proceeds to be derived by the Company from the securities hereby offered on the basis of the same being fully taken up and paid for is \$940,000 after payment of commission referred to in paragraph (n ii) hereof and estimated expenses in connection with the issue.

(l) The net proceeds of the preferred shares offered by this Prospectus will be used for general corporate purposes of the Company. No part of the proceeds from the issue of the preferred shares hereby offered is to be held in trust pending or subject to the fulfilment of any conditions.

(m) No minimum amount in the opinion of the Directors must be raised by the issue of the preferred shares hereby offered in order to provide the sums required to pay the purchase price of any property purchased or to be purchased, any preliminary expenses or commission payable by the Company, the repayment of any money borrowed by the Company in respect of the foregoing matters or the repayment of bank loans. Proceeds from the issue of the preferred shares hereby offered will be used for the purposes referred to in paragraph (l) hereof.

(n i) The Company under date of May 18, 1949, entered into an agreement with Greenshields & Co Inc; Burns Bros. & Denton Limited and Collier, Norris & Quinlan Limited (hereinafter referred to as "the Underwriters") in respect of the sale of fifteen thousand (15,000) of its 4¾% Cumulative Redeemable Sinking Fund Preferred Shares and paid the Underwriters a commission at the rate of \$4. per share in consideration of their subscribing and paying for the said Preferred Shares.

(n ii) The Company under date of May 14, 1951, entered into an Agreement with Greenshields & Co Inc; Burns Bros. & Denton Limited; Dominick Corporation of Canada and Collier, Norris & Quinlan Limited (hereinafter referred to as "the Underwriters") in respect of the sale of ten thousand (10,000) 5% Cumulative Redeemable Sinking Fund Preferred Shares of the par value of \$100. per share and agreed to pay to the Underwriters a commission at the rate of \$6 per share in consideration of their subscribing and paying for the said Preferred Shares.

(o) The remuneration of the Directors of the Company shall be as from time to time determined by resolution of the Board of Directors.

(p) The aggregate remuneration paid by the Company during its last financial year ended January 31, 1951 to Directors of the Company, as such, was \$8,000 and to Officers of the Company who individually received remuneration in excess of \$10,000 per annum was \$153,300. The aggregate remuneration estimated to be payable by the Company during the current financial year to Directors, as such, is \$8,000 and to Officers who individually are or who may be entitled to remuneration in excess of \$10,000 per annum is \$167,800.

(q) No amount has been paid within the two years preceding the date hereof or is now payable as a commission for subscribing or agreeing to subscribe or for procuring or agreeing to procure subscriptions for any shares in or debentures or other obligations of the Company except the commission referred to in paragraphs (n i) and (n ii) hereof.

(r) The Company has been carrying on business for more than one year.

(s) & (t) No property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company the purchase price of which is to be defrayed in whole or in part out of the proceeds of the present issue of preferred shares or has been paid within the last two years preceding the date hereof or is to be paid in whole or in part in securities of the Company, or as to transactions entered into in the ordinary course of operations or on the general credit of the Company, the purchase or acquisition of which has not been completed at the date hereof.

(u) No securities have been issued or agreed to be issued within the two years preceding the date hereof as fully or partly paid up otherwise than in cash.

(v) No obligations or debentures are being offered by this Prospectus.

(w) Except as referred to in paragraph (k) hereof, no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the issue of preferred shares hereby offered and no services have been, within the two years preceding the date hereof, or are to be, paid for by securities of the Company.

(x) No amount has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.

(y) The dates of and the parties to and the general nature of any material contract entered into within the two preceding years (other than the contracts in the ordinary course of business) are as follows:

(1) The Company entered into an agreement dated May 18, 1949 with Greenshields & Co Inc; Burns Bros. & Denton Limited; Collier, Norris & Quinlan Limited more particularly referred to in paragraph (n i) hereof.

(2) The Company has entered into an agreement dated Feb. 1, 1950 with A. B. Bennett to lease for a period of 20 years from June 1, 1950, the premises at 56 Bloor Street West, Toronto.

(3) The Company has entered into an agreement dated April 4, 1950, with J. M. Bennett to lease for a period of ten years from May 1, 1950, the premises at 5343 Queen Mary Road, Montreal.

(4) The Company has entered into a contract dated April 16, 1951, with W. F. C. Devlin and Brian Devlin to acquire from them as of April 30, 1951, all the issued and outstanding shares of the common stock of the R. J. Devlin Company Limited, a retail fur and men's and women's apparel store in Ottawa.

(5) The Company has entered into an agreement dated April 16, 1951, with Devlin Realty Limited, to lease for a period of 20 years from May 1, 1951, the building at 72-76 Sparks Street and 71-75 Queen Street, Ottawa, in which the R. J. Devlin Company Limited conducts its business.

(6) The Company has entered into an agreement dated May 14, 1951 with Greenshields & Co Inc; Burns Bros. & Denton Limited; Dominick Corporation of Canada; Collier, Norris & Quinlan Limited; more particularly referred to in paragraph (n ii) hereof.

The said contracts may be inspected at the Head Office of the Company during the period of primary distribution of the preferred shares hereby offered.

(z) The Company has not acquired in the two years preceding the date hereof, and does not at the present time propose to acquire any property in which any Director of the Company was or is interested.

(za) The Company has been carrying on business since the year 1906.

(zb) So far as is known, no person or persons, by reason of beneficial ownership of securities of the Company or any agreement in writing, are in a position to, or are entitled to elect or cause to be elected a majority of the Directors of the Company.

(zc) No securities of the Company are, to the knowledge of the Company, held in escrow.

(zd) Particulars of dividends paid on the share capital of the Company during the five years preceding the date hereof are as follows:

Date Payable		Amount	Total
May 15th, 1946.	Preferred.	\$ 68,484	
	Common.	111,726	\$180,210
Apr. 15th, 1947.	Preferred.	68,484	
	Common.	111,726	180,210
Feb. 15th, 1948.	Preferred.	68,484	
	Common.	113,526	182,010
Feb. 10th, 1949.	Common.	187,234	187,234
Sept. 1st, 1949.	Preferred.	17,850	17,850
Dec. 1st, 1949.	Preferred.	17,850	17,850
Mar. 1st, 1950.	Preferred.	17,850	17,850
Mar. 31st, 1950.	Common.	46,805	46,805
June 1st, 1950.	Preferred.	17,700	17,700
June 30th, 1950.	Common.	46,805	46,805
Sept. 1st, 1950.	Preferred.	17,850	17,850
Sept. 30th, 1950.	Common.	46,805	46,850
Dec. 1st, 1950.	Preferred.	17,850	17,850
Dec. 30th, 1950.	Common.	46,805	46,805
Mar. 1st, 1951.	Preferred.	17,314	17,314
Mar. 31st, 1951.	Common.	46,805	46,805

The cessation of preferred dividends in respect of the year ended January 26th, 1949, was due to the conversion of the then outstanding preferred shares into common shares by appropriate corporate proceedings confirmed by Supplementary Letters Patent dated January 19th, 1949, as referred to in paragraph (a) hereof.

In May of 1949 the Company authorized \$2,500,000 of 4 $\frac{3}{4}$ % Cumulative Redeemable Sinking Fund Preferred Stock, of which \$1,500,000 was issued at that time. The first dividend on this new issue of preferred stock was paid on September 1st, 1949 and dividends continued to be paid to this date in accordance with the figures referred to in the foregoing table.

(ze) No part of the consideration received for the issue of shares without nominal or par value of the Company has been set aside as distributable surplus.

(zf) There are no other material facts relating to the securities now being offered not disclosed in the foregoing paragraphs or in the Prospectus of which this information forms a part.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act, (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

DIRECTORS

Henry W. Morgan

By: A. E. Walford
his agent

F. Cleveland Morgan

By: J. B. Morgan
his agent

Theodore G. Morgan

A. H. Elder

H. M. Wilson

J. Bartlett Morgan

D. Stewart Patterson

A. E. Walford

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act, (Ontario), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITERS

Greenshields & Co Inc

Burns Bros. & Denton Limited

By: Peter Kilburn

By: W. J. H. Ellwood

Dominick Corporation of Canada

Collier, Norris & Quinlan Limited

By: D. Stewart Patterson

By: H. B. Norris

Montreal, P.Q.

May 14, 1951.

The following are the names of every person having an interest either directly or indirectly to the extent of not less than ten per centum in the capital of Greenshields & Co Inc: Russell D. Bell, R. O. Johnson, Peter Kilburn; Burns Bros. & Denton Limited: C. F. W. Burns, W. A. Dymont, D. S. Beatty, L. S. Mitchell; Dominick Corporation of Canada: Dominick & Dominick; and Collier, Norris & Quinlan Limited: Wm. T. K. Collier, Herbert B. Norris, John J. Quinlan:

